



Comptroller of the Currency
Administrator of National Banks

Licensing Division
Western District Office
50 Fremont Street, Suite 3900
San Francisco, California 94105-2292

December 9, 2002

Winthrop N. Brown, Esq.
Milbank, Tweed, Hadley & McCloy, LLP
1825 Eye Street, N.W.
Washington, D.C. 20006-5417

Re: Notice of Change in Bank Control
Household Bank (SB) National Association, Las Vegas, Nevada
Charter Number 22675
OCC Control Number 2002-WE-11-0004

Dear Mr. Brown:

This letter is to advise you that the Notice of Change in Bank Control (Notice) of a national bank involving Household Bank (SB), N.A. (the "Bank"), was received on November 27, 2002. We compared the application with the required information in the Interagency Notice of Change in Control and found your Notice lacks certain required information and is not technically complete.

1. The correct filing fee for your Notice of Change in Bank Control is \$10,000. Please remit a check for an additional \$8,000, payable to the Comptroller of the Currency.
2. Provide a copy of the final complete merger agreement between HSBC Holdings plc (HSBC) and Household International, Inc. (HII). Please provide any other documents that may be responsive to 12 U.S.C. § 1817(j)(6)(C) and question # 6 in the Interagency Notice.
3. Please clarify what, if any, changes are contemplated by HSBC to modify the business plans or marketing strategy for the Bank. This might include new business lines, changed customer demographic focus, sales or purchase of assets or liabilities, pricing or underwriting changes, cross marketing of products, etc.
4. In response to question # 13 in the Interagency Notice, please provide a listing of insured banks or insured depository institutions in which HSBC has a 10% or more ownership

Winthrop N. Brown
HSBC Holding plc/Household International, Inc.
CAIS Control No: 2002-WE-11-0004

interest. It is possible this information is in the public financial information provided but a list would speed our review.

5. Please identify any other local, state, federal or foreign regulatory applications or notices that will be filled in connection with this Notice, and any mandatory public hearings associated with those filings.
6. Please expand and clarify the discussion of the competitive effects of the transaction. The analysis in the Notice was cursory and did not provide statistical or numerical support for the conclusion that the transaction will not be anticompetitive.
7. Following the acquisition, purchase accounting adjustments on HII would be allocated among its subsidiaries according to Generally Accepted Accounting Practices, including possible adjustments to the balance sheet of the bank. In order for us to determine the materiality of the purchase accounting adjustments at the Bank level, please provide a pro forma balance sheet for the Bank after the acquisition.
8. Please certify if any *person* will *control* (as both terms are defined in 12 U.S.C. § 1817(j)(8)) more than 5% of HSBC upon completion of this change in bank control. If yes, please provide their identity and percentage of ownership. Upon review of that information we will consider if further information should be submitted on these individuals or entities.

When the requested information is received, we will advise you of the date of receipt. After we have completed our review, we will also advise you when the notice is technically complete, and the earliest date that the change in bank control may be completed.

If you have any questions, please contact Senior Licensing Analyst Geryl N. Race at (415) 545-5923.

Sincerely,

/s/

James A. Bundy
Licensing Manager